

The Litchfield Board of Selectmen has taken note of the comments published in the Hudson-Litchfield News concerning the departure of the town's past Treasurer. It is the desire of the Board that the citizens of Litchfield receive the full information concerning the comments offered in the article.

In the article, it was stated that *"There was a \$3.5 million disconnect between what was in the bank and what was listed in the town's financial system."* Unfortunately, this statement does not present all of the facts of the matter.

The Litchfield Board of Selectmen early in the year had voted to create a Financial System Group composed of the Treasurer, Trustees of the Trust Funds, Budget Committee, Selectmen's Office, members of the Board of Selectmen and citizens of the community.

During meetings of the Financial Systems Group it was decided that the Treasurer and Selectmen's Office would convene a meeting to perform a trial comparison of the accounts of both parties. To the Selectmen's knowledge, this was the first time that the Treasurer and the Selectmen's office have sat and compared accounts in 2008. It needs to be clearly stated that this meeting is not required for the Treasurer to reconcile his own accounts. In preparation for the meeting, Selectman Byron requested that the Selectmen's office run a ledger report. Selectman Byron attended the meeting as an observer to understand the outcome of this first face to face trial reconciliation.

This meeting was attended by the Treasurer, Deputy Treasurer, Selectmen's Assistant and Selectman Byron. During the meeting the Treasurer would not speak with Selectman Byron for reasons that are unknown. The Treasurer would only offer a few, very limited comments and while he sat there did not participate fully in the meeting. It is of note that this meeting happened close to but just after the Treasurer's request for a new computer.

As part of this meeting, it was determined that there was a large discrepancy between the Selectmen's ledger and the accounting of the Treasurer. Selectman Byron in reviewing the two documents found that the accounting periods of the two groups were not aligned. While the Treasurer used a period of 1 March to that date, the Selectman's office used the period of 1 January to date. Further, the Selectmen's office did not import into the document any income received by the town during the period. These discrepancies were clearly pointed out by Selectman Byron to the Treasurer, Deputy Treasurer and Selectman's Assistant as a factor in the discrepancy. Selectman Byron immediately directed the Selectmen's office to rerun the numbers based upon the problems identified.

When those reruns were completed at a later date the two groups were within approximately \$200,000 of each other and it was agreed that further work was required to adjust the accounts for earned interest, uncashed checks, etc. Both the Treasurer and Deputy Treasurer were made aware of this fact and were requested to provide information to assist the Selectmen's office to make those adjustments. The result of the updated reconciliation between the Treasurer and Selectmen's ledgers was reported to the entire Financial Systems Group including the Treasurer and the Board of Selectmen in

public sessions. The statement contained in the article leaving the citizens with the impression of a large discrepancy existing rather than a paperwork error is incomplete. The statement that this meeting was called to discuss a finding of a \$3.5 million discrepancy is as well incorrect as both the Treasurer and Deputy Treasurer had no knowledge of the differences between the Selectmen's ledger and Treasurer's accounts until that very meeting. The article's statement that the Board of Selectmen is not interested in the financial situation of the town is undercut by the creation by the Board of the Financial Systems group, the Board's request for comparison of the Treasurer and Selectmen's ledger and the ongoing discussions in multiple public session of the Financial System's Group and of the Board of Selectmen with our assistant to reconcile the town's ledgers.

The article specifies that the handling of checks and income to the town is inadequate. The Board agrees with the Treasurer and Deputy that there were problems with the methodology of handling checks. This situation was immediately addressed with the Selectmen's office when it was identified and clear directions were given to immediately turn over to the Treasurer any received checks. Photocopies of the checks were to be maintained by the Selectmen's office and a determination of the correct account in which to place these deposits was to be determined after handover. It was requested by the Financial Systems Group that the Treasurer, Town Tax Collector and Selectmen's office meet to determine a appropriate procedure for depositing of funds and handling of town checks. Based upon these meetings a new methodology was determined and implemented. The Treasurer after implementation of the new system expressed to Chairman Byron concerns about the earmarking of checks for specific accounts and was asked by Chairman Byron to meet and address this with the Tax Collector and Selectmen's office. This was requested to ensure that all parties to the new system requested by the Treasurer were clear on where checks would be deposited. No further feedback was received. The Financial Systems group continues to work on developing systems for use by the town. Any personnel problems needing to be addressed in the Selectmen's office are by law required to be maintained as confidential.

The article states that the Treasurer and Deputy Treasurer resigned due to a concern for their own personal risk. At no time was any member of the Board of Selectmen informed of this concern either in their resignation or at any point prior. Further to the method and timing of the resignations the Selectmen are concerned with how this was handled. On October 17th, Chairman Byron notified town officials that he would be leaving town on personal business and would be absent from the 21st of October until the late evening of the 29th of October. Both the Treasurer and Deputy Treasurer were copied on this notice. It is normal procedure that the Treasurer or Deputy go to the Selectmen's office on each Tuesday to process payroll checks for the town's employees. On Tuesday the 28th, neither the Treasurer nor Deputy Treasurer came in to approve the payroll checks at the Selectmen's office. On Wednesday the 29th, both the Treasurer and Deputy tendered their resignations and refused a request to sign the payroll checks prior to the submission of their resignation. The refusal and timing of the resignation left the town's employees at risk of not receiving their pay as well as leaving the Board of Selectmen in a difficult position with the Chair out of town. In a discussion with the Treasurer after Chairman

Byron returned in an attempt to understand the reason for the resignation, the Treasurer stated to Chairman Byron that both he and the Deputy had given a lot of thought to their resignations but he refused to disclose their reasons. It should be noted that the resignations did not contain a notice period nor was any indication of their impending resignation made prior to that Wednesday in order to allow the town to effectively conduct its business.

The article states in the title that the Board of Selectmen would not let the Treasurer speak. On November 7, 2008 after receiving several demands to speak uninterrupted, Chairman Byron sent an email to the Treasurer expressing a concern that the Treasurer must ensure not to make statements against private individuals or town employees that could risk the town. Chairman Byron stated that he wished “...to confirm that I can not allow you to use the floor during a public meeting to make statements that have the potential to place the town in legal jeopardy....To reiterate: statements made against private individuals or employees of the town may place the town at risk of legal action.” Chairman Byron went on to state “If you wish to operate under the same constraints as all other individuals appearing in front of the Board, then please feel free to submit your comments during the public comment period that is open to all citizens of the community. If you remain within the bounds that I have stated above then I will ensure that you are not interrupted. Please be aware that members of the board may make their own statements or request answers of you to their questions. I will expect that you will not interrupt them as well.” The Treasurer never responded to this information.

The Board of Selectmen is now attempting to work with the new temporarily appointed Treasurer to bring her up to speed. In an effort to do so, the Board is looking to ensure that all properties are returned to the town. The Board recently sent registered letters to the past Treasurer and Deputy Treasurer seeking return of keys to files necessary for the new Treasurer to successfully function. The new Treasurer has reported that calls to the past Treasurer have gone unanswered.

Lastly, the author of the article and the Hudson-Litchfield News did not at any time seek to verify their information or to seek clarification with any members of the Board of Selectmen. Not taking this basic step is a disservice to the citizens of Litchfield.

The Board of Selectmen now views this matter with the past Treasurer as closed and we will work with the temporary Treasurer and any future appointed Treasurer to improve our town's accountability.